

UNIFIED SCHOOL DISTRICT NO. 461

Financial Statements
and
Supplemental Information

with Report of Independent Auditors

For the Year Ended June 30, 2010

Unified School District No. 461
Neodesha, Kansas
Special Financial Statements
For the Fiscal Period Ended June 30, 2010

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Unified School District No. 461
Neodesha, Kansas
Special Financial Statements
For the Fiscal Period Ended June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 461
Neodesha, Kansas

We have audited the accompanying statutory basis financial statements of Unified School District No. 461 Neodesha, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Unified School District No. 461's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Unified School District No. 461, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 461 as of June 30, 2010, or changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 461, as of June 30, 2010, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2011, on our consideration of Unified School District No. 461's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 461's statutory basis financial statements. The information identified in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the statutory basis financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part Unified School District No. 461's statutory basis financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements, and, in our opinion, is fairly stated, in all material respects in relation to the statutory basis financial statements taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Unified School District No. 461, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlatterbeck and Burns, L.L.C.

February 10, 2011

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Unified School District No. 461
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Statement 1

	Beginning Unencumbered Cash Balance	Beginning Balance Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General	\$ 34		5,236,854	5,236,837	51	26,951	27,002
Supplemental General	25,982		1,636,144	1,662,125	1	4,522	4,523
Special Revenue:							
At Risk (4 Year Old)	(2) 10,580	6	35,001	32,226	13,361	145	13,506
At Risk (K-12)	23,984		614,017	635,139	2,862	49,585	52,447
Capital Outlay	1,009,640		50,866	99,906	960,600		960,600
Driver Training	4,832		5,695	4,733	5,794		5,794
Food Service	72,281		486,679	447,517	111,443	11,045	122,488
Professional Development	4,889		8,076	7,394	5,571		5,571
Parent Education Program	200		4,000	3,900	300		300
Special Education	85,538		767,270	763,327	89,481	154	89,635
Vocational Education	31,538		180,928	207,988	4,478		4,478
KPERS Special Retirement Contribution			178,394	345,638	(167,244)	167,244	
Contingency Reserve	170,390		100,000		270,390		270,390
Recreation Commission	894		65,700	58,000	8,594		8,594
Technology Literacy Challenge (Title II-D)			4,722	4,722		258	258
Special Mini-Grants			9,722	9,621	101		101
Low Income ESEA (Title I)			209,894	209,894		11	11
Improving Teacher Quality (Title II-A)			46,769	46,769		1,056	1,056
Drug-Free Schools (Title IV-A)			2,849	2,849			
Gate Receipts	541		26,675	25,024	2,192		2,192
Special Projects	31,604		32,929	35,009	29,524		29,524
Debt Service:							
Bond and Interest	217,233		388,663	384,681	221,215		221,215
Total Primary Government (1)	<u>1,690,160</u>	<u>6</u>	<u>10,091,847</u>	<u>10,223,299</u>	<u>1,558,714</u>	<u>260,971</u>	<u>1,819,685</u>
Composition of Cash:							
Cash on Hand							449
Community National Bank, Neodesha, Ks							304,080
Due from St of Ks (Recognized per KSA 10-1116a)							783,101
First Neodesha Bank, Neodesha, Ks							770,052
Less: Agency Funds per Statement 4							(37,997)
Total Primary Government (1)							<u>1,819,685</u>

(1) Excluding Agency Funds

(2) Beg Bal Adjust - Prior Year Encumbrances Cancelled

See accompanying notes to financial statements

Unified School District No. 461
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
For the Year Ended June 30, 2010

Statement 2

	<u>Certified Budget</u>	<u>Legal Max. Adjustment</u>	<u>Qualified Budget Cr. Adjustment</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Type Funds:						
General	\$ 5,318,476	(81,612)		5,236,864	5,236,837	27
Supplemental General	1,684,025		5	1,684,030	1,662,125	21,905
Special Revenue:						
At Risk (4 Year Old)	53,100			53,100	32,226	20,874
At Risk (K-12)	638,000			638,000	635,139	2,861
Capital Outlay	700,000			700,000	99,906	600,094
Driver Training	9,300			9,300	4,733	4,567
Food Service	533,200		61,298	594,498	447,517	146,981
Professional Development	20,000			20,000	7,394	12,606
Parent Education Program	5,000			5,000	3,900	1,100
Special Education	852,812			852,812	763,327	89,485
Vocational Education	210,500		1,130	211,630	207,988	3,642
KPERS Special Retirement Contribution	414,000			414,000	345,638	68,362
Recreation Commission	58,000			58,000	58,000	
Debt Service:						
Bond and Interest	384,781			384,781	384,681	100
Totals	<u>10,881,194</u>	<u>(81,612)</u>	<u>62,433</u>	<u>10,862,015</u>	<u>9,889,411</u>	<u>972,604</u>

See accompanying notes to financial statements

General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 517,052	553,147	585,827	(32,680)
Delinquent Taxes	13,328	7,645	8,388	(743)
Miscellaneous	38	25		25
Total Revenue from Local Sources	<u>530,418</u>	<u>560,817</u>	<u>594,215</u>	<u>(33,398)</u>
Revenue from County Sources				
Revenue in Lieu of Taxes	771	4,451	564	3,887
Slider	10,563			
Total Revenue from County Sources	<u>11,334</u>	<u>4,451</u>	<u>564</u>	<u>3,887</u>
Revenue from State Sources				
State Financial Aid	4,560,485	3,888,719	3,813,328	75,391
Mineral Production Tax	40,821	7,294	35,000	(27,706)
Special Education Aid	589,497	519,872	538,017	(18,145)
Total Revenue from State Sources	<u>5,190,803</u>	<u>4,415,885</u>	<u>4,386,345</u>	<u>29,540</u>
Revenue from Federal Sources				
ARRA Grant		255,701	255,701	
Total Cash Receipts	<u>5,732,555</u>	<u>5,236,854</u>	<u>5,236,825</u>	<u>29</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	2,433,113	1,943,800	2,099,076	155,276
Non-Certified Salaries	56,941	63,121	60,000	(3,121)
Social Security Contributions	170,486	155,926	180,000	24,074
Other Employee Benefits	5,910	8,644	4,000	(4,644)
Purchased Professional and Technical Services		1,016		(1,016)
Supplies and Materials		357		(357)
General Supplies and Materials	73,338	93,082	118,990	25,908
Textbooks		6,770		(6,770)
Miscellaneous Supplies	6,420	6,297	18,500	12,203
Property (Equipment & Furnishings)	288	20,252		(20,252)
Equipment		4,109		(4,109)
Other	4,081	10,676	15,500	4,824
Total Instruction	<u>2,750,577</u>	<u>2,314,050</u>	<u>2,496,066</u>	<u>182,016</u>
Support Services - Students				
Certified Salaries	241,726	162,911	175,000	12,089
Non-Certified Salaries	24,924	15,253	25,000	9,747
Social Security Contributions	18,408	13,066	20,000	6,934
Other Employee Benefits	231	702	500	(202)
Supplies and Materials	1,631	795	5,500	4,705
Other	657	650		(650)
Total Support Services - Students	<u>287,577</u>	<u>193,377</u>	<u>226,000</u>	<u>32,623</u>
Support Services - Instructional Staff				
Certified Salaries	61,351	57,238	62,000	4,762
Non-Certified Salaries	62,452	63,709	63,000	(709)
Social Security Contributions	7,380	7,723	7,500	(223)
Other Employee Benefits	91	415	200	(215)
Books and Periodicals	13,715	16,830	16,200	(630)
Technology Supplies	1,913	1,396	2,000	604
Miscellaneous Supplies	1,295	1,688	2,000	312
Property (Equipment & Furnishings)	1,463	2,036	2,000	(36)
Total Support Services - Instructional Staff	<u>149,660</u>	<u>151,035</u>	<u>154,900</u>	<u>3,865</u>

See accompanying notes to financial statements

General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Support Services - General Administration				
Certified Salaries	\$ 108,855	100,784	114,000	13,216
Non-Certified Salaries	21,942	23,979	25,000	1,021
Social Security Contributions	9,116	9,218	9,200	(18)
Other Employee Benefits	114	403	500	97
Purchased Professional and Technical Services	3,512	7,260	8,000	740
Insurance Services	4,437	223	2,000	1,777
Communication Services	3,062	1,237	4,000	2,763
Other Miscellaneous Purchased Services	13,776	5,315	13,200	7,885
Supplies and Materials	1,489	357	3,000	2,643
Other	22,574	22,798	21,000	(1,798)
Total Support Services - General Administration	<u>188,877</u>	<u>171,574</u>	<u>199,900</u>	<u>28,326</u>
Support Services - School Administration				
Certified Salaries	380,619	293,063	320,000	26,937
Non-Certified Salaries	115,234	113,650	120,000	6,350
Social Security Contributions	34,292	29,385	35,000	5,615
Other Employee Benefits	428	1,427	500	(927)
Communication Services	8,032	5,321	9,000	3,679
Other Miscellaneous Purchased Services	5,771	6,230	11,000	4,770
Supplies and Materials	3,667	5,299	4,000	(1,299)
Other	1,657	624	3,000	2,376
Total Support Services - School Administration	<u>549,700</u>	<u>454,999</u>	<u>502,500</u>	<u>47,501</u>
Support Services - Plant Operation and Maintenance				
Non-Certified Salaries	330,664	333,328	340,000	6,672
Social Security Contributions	21,965	22,063	23,000	937
Other Employee Benefits	275	986	1,200	214
Repairs and Maintenance Services		73,040		(73,040)
Repair of Buildings		82,106		(82,106)
General Supplies and Materials		611		(611)
Property (Equipment & Furnishings)		2,196		(2,196)
Total Support Services - Plant Operation and Maintenance	<u>352,904</u>	<u>514,330</u>	<u>364,200</u>	<u>(150,130)</u>
Vehicle Operation Services				
Non-Certified Salaries	50,493	49,508	51,000	1,492
Social Security Contributions	3,059	2,987	3,200	213
Other Employee Benefits	408	2,219	1,200	(1,019)
Insurance Services	9,005	3,807	10,000	6,193
Motor Fuel	30,370	31,149	50,000	18,851
Equipment			5,000	5,000
Other	738	6,403	3,000	(3,403)
Total Vehicle Operation Services	<u>94,073</u>	<u>96,073</u>	<u>123,400</u>	<u>27,327</u>
Supervision Services				
Non-Certified Salaries	3,900	3,900	4,000	100
Social Security Contributions	132	127	200	73
Equipment	180	82		(82)
Total Supervision Services	<u>4,212</u>	<u>4,109</u>	<u>4,200</u>	<u>91</u>
Vehicle Servicing and Maintenance Services				
Purchased Professional and Technical Services	21,493	25,685	22,000	(3,685)
Support Services - Business				
Non-Certified Salaries	65,825	65,938	66,000	62
Social Security Contributions	4,049	4,073	5,000	927
Other Employee Benefits	50	175	200	25
Purchased Professional and Technical Services	2,404	2,592	3,000	408
Other Purchased Services	11,237	10,143	13,000	2,857
Supplies and Materials	1,351	185	2,000	1,815
Other	13		500	500
Total Support Services - Business	<u>84,929</u>	<u>83,106</u>	<u>89,700</u>	<u>6,594</u>

See accompanying notes to financial statements

General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Favorable (Unfavor)
		Current Year Actual	Budget	
Fund Transfers				
Capital Outlay	\$ 211,640			
Professional Development		8,000	15,111	7,111
Special Education	900,000	767,270	767,270	
Vocational Education		74,729	74,729	
Contingency Reserve		100,000		(100,000)
At Risk (K-12)	139,318	278,500	278,500	
Total Fund Transfers	<u>1,250,958</u>	<u>1,228,499</u>	<u>1,135,610</u>	<u>(92,889)</u>
Budget Adjustments				
Legal Max Adjustment			(81,612)	(81,612)
Total Expenditures and Transfers	<u>5,734,960</u>	<u>5,236,837</u>	<u>5,236,864</u>	<u>27</u>
Receipts Over (Under)				
Expenditures and Transfers	(2,405)	17		
Unencumbered Cash, Beginning	<u>2,439</u>	<u>34</u>		
Unencumbered Cash, Ending	<u>34</u>	<u>51</u>		

See accompanying notes to financial statements

Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Prior Year Actual	Current Year		Variance Favorable (Unfavor)
			Current Year Actual	Budget	
Cash Receipts					
Revenue from Local Sources					
Ad Valorem Taxes	\$	574,232	665,530	683,445	(17,915)
Delinquent Taxes		16,740	13,811	9,221	4,590
Reimbursements			5		5
Total Revenue from Local Sources		<u>590,972</u>	<u>679,346</u>	<u>692,666</u>	<u>(13,320)</u>
Revenue from County Sources					
Motor Vehicle Tax		63,663	57,594	66,415	(8,821)
Recreational Vehicle Tax		1,022	1,437	1,122	315
Revenue in Lieu of Taxes		780	5,052	641	4,411
Slider		10,025			
Total Revenue from County Sources		<u>75,490</u>	<u>64,083</u>	<u>68,178</u>	<u>(4,095)</u>
Revenue from State Sources					
Supplemental State Aid		<u>1,019,304</u>	<u>666,325</u>	<u>897,400</u>	<u>(231,075)</u>
Revenue from Federal Sources					
ARRA Grant			226,390		226,390
Total Cash Receipts		<u>1,685,766</u>	<u>1,636,144</u>	<u>1,658,244</u>	<u>(22,100)</u>
Expenditures and Transfers					
Instruction					
Certified Salaries			171,467		(171,467)
Other Employee Benefits		24,069	13,774	40,000	26,226
General Supplies and Materials		7,440			
Textbooks		17,112	28,887	50,000	21,113
Technology Supplies				500	500
Property (Equipment & Furnishings)		23,359	27,979	25,500	(2,479)
Other		34,936	21,815	37,300	15,485
Total Instruction		<u>106,916</u>	<u>263,922</u>	<u>153,300</u>	<u>(110,622)</u>
Support Services - Students					
Certified Salaries			14,461		(14,461)
Other Employee Benefits		1,731	840	3,000	2,160
Supplies and Materials		7,120	270	7,000	6,730
Total Support Services - Students		<u>8,851</u>	<u>15,571</u>	<u>10,000</u>	<u>(5,571)</u>
Support Services - Instructional Staff					
Certified Salaries			5,113		(5,113)
Other Employee Benefits				1,500	1,500
Total Support Services - Instructional Staff			<u>5,113</u>	<u>1,500</u>	<u>(3,613)</u>
Support Services - General Administration					
Certified Salaries			9,071		(9,071)
Other Employee Benefits		1,372	650	2,000	1,350
Insurance Services		854	21,141	15,000	(6,141)
Property (Equipment & Furnishings)				5,000	5,000
Other		4,304	108	2,000	1,892
Total Support Services - General Administration		<u>6,530</u>	<u>30,970</u>	<u>24,000</u>	<u>(6,970)</u>
Support Services - School Administration					
Certified Salaries			26,278		(26,278)
Other Employee Benefits		3,625	1,750	5,000	3,250
Total Support Services - School Administration		<u>3,625</u>	<u>28,028</u>	<u>5,000</u>	<u>(23,028)</u>
Support Services - Plant Operation and Maintenance					
Other Employee Benefits		2,454	14,186	3,500	(10,686)
Water/Sewer Services (Non-Energy)		13,390	14,289	15,500	1,211
Cleaning Services		2,668	2,666	3,500	834
Repair of Buildings		270,981	91,425	100,000	8,575
Other Purchased Property Services		4,446		2,000	2,000
Insurance Services		36,127	41,509	40,000	(1,509)
Other Miscellaneous Purchased Services		4,352	2,453	10,000	7,547
General Supplies and Materials		31,785	42,783	35,000	(7,783)

See accompanying notes to financial statements

Unified School District No. 461
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year			Variance Favorable (Unfavor)
		Prior Year Actual	Current Year Actual	Budget	
Heating	\$	41,180	44,884	60,000	15,116
Electricity		191,401	187,361	210,000	22,639
Motor Fuel		3,564	4,207	6,000	1,793
Miscellaneous Supplies		38		500	500
Property (Equipment & Furnishings)		28,379	112,136	163,000	50,864
Other		10,442	8,259	7,000	(1,259)
Total Support Services - Plant Operation and Maintenance		<u>641,207</u>	<u>566,158</u>	<u>656,000</u>	<u>89,842</u>
Vehicle Operation Services					
Equipment		<u>29,200</u>			
Support Services - Business					
Certified Salaries		86,072	87,545	86,500	(1,045)
Non-Certified Salaries		29,205	29,855	29,500	(355)
Social Security Contributions		8,238	8,402	9,000	598
Other Employee Benefits		1,965	1,353	1,500	147
Purchased Property Services		8,508	10,852	10,000	(852)
Supplies and Materials		16,676	12,800	12,000	(800)
Property (Equipment & Furnishings)		8,004	24,826	79,000	54,174
Other		4,495	8,942	10,000	1,058
Total Support Services - Business		<u>163,163</u>	<u>184,575</u>	<u>237,500</u>	<u>52,925</u>
Fund Transfers					
Driver Training		1,400	2,000	2,618	618
Food Service		120,000	90,000	110,000	20,000
Professional Development		23,000			
Parent Education Program		4,000	4,000	4,800	800
Vocational Education		164,000	101,271	101,271	
At Risk (4yr Old)		65,940	35,000	42,519	7,519
At Risk (K-12)		394,202	335,517	335,517	
Total Fund Transfers		<u>772,542</u>	<u>567,788</u>	<u>596,725</u>	<u>28,937</u>
Budget Credit Adjustment				<u>5</u>	<u>5</u>
Total Expenditures and Transfers		<u>1,732,034</u>	<u>1,662,125</u>	<u>1,684,030</u>	<u>21,905</u>
Receipts Over (Under)					
Expenditures and Transfers	(46,268)	(25,981)	
Unencumbered Cash, Beginning		<u>72,250</u>	<u>25,982</u>		
Unencumbered Cash, Ending		<u>25,982</u>	<u>1</u>		

See accompanying notes to financial statements

Unified School District No. 461
At Risk (4 Year Old) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Operating Transfers				
Transfer from Supplemental General Fund	\$ 65,940	35,001	42,519	(7,518)
Total Cash Receipts	<u>65,940</u>	<u>35,001</u>	<u>42,519</u>	<u>(7,518)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	41,752	22,452	35,000	12,548
Non-Certified Salaries	11,556	5,291	8,000	2,709
Social Security Contributions	3,614	2,160	3,000	840
Other Employee Benefits	45	136	100	(36)
General Supplies and Materials	652	2,187	2,000	(187)
Property (Equipment & Furnishings)			5,000	5,000
Total Expenditures and Transfers	<u>57,619</u>	<u>32,226</u>	<u>53,100</u>	<u>20,874</u>
Receipts Over (Under)				
Expenditures and Transfers	8,321	2,775		
Unencumbered Cash, Beginning	2,259	10,580		
Prior Year Encumbrances Cancelled		6		
Unencumbered Cash, Ending	<u>10,580</u>	<u>13,361</u>		

See accompanying notes to financial statements

At Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 139,318	278,500	278,500	
Transfer from Supplemental General Fund	394,202	335,517	335,517	
Total Cash Receipts	<u>533,520</u>	<u>614,017</u>	<u>614,017</u>	
Expenditures and Transfers				
Instruction				
Certified Salaries	344,484	416,776	391,000	(25,776)
Non-Certified Salaries	36,018	45,697	42,000	(3,697)
Social Security Contributions	26,096	25,144	26,500	1,356
Other Employee Benefits	418	1,408	1,100	(308)
General Supplies and Materials	11,123	5,203	12,000	6,797
Technology Supplies	3,098	19,619	10,000	(9,619)
Property (Equipment & Furnishings)	86,627	110,396	144,400	34,004
Other	1,971	4,576	5,000	424
Total Instruction	<u>509,835</u>	<u>628,819</u>	<u>632,000</u>	<u>3,181</u>
Support Services - Instructional Staff				
Books and Periodicals		6,320	6,000	(320)
Total Expenditures and Transfers	<u>509,835</u>	<u>635,139</u>	<u>638,000</u>	<u>2,861</u>
Receipts Over (Under)				
Expenditures and Transfers	23,685	(21,122)		
Unencumbered Cash, Beginning	299	23,984		
Prior Year Encumbrances Cancelled				
Unencumbered Cash, Ending	<u>23,984</u>	<u>2,862</u>		

Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 62,885	2,012	2,936	(924)
Delinquent Taxes	1,627	1,228	1,009	219
Earnings on Investments	22,522	11,618	30,000	(18,382)
Other Revenue From Local Sources	57,103	31,723	30,000	1,723
Total Revenue from Local Sources	<u>144,137</u>	<u>46,581</u>	<u>63,945</u>	<u>(17,364)</u>
Revenue from County Sources				
Motor Vehicle Tax	1,059	3,984	4,495	(511)
Recreational Vehicle Tax	26	108	76	32
Revenue in Lieu of Taxes	62	193	43	150
Slider	3,161			
Total Revenue from County Sources	<u>4,308</u>	<u>4,285</u>	<u>4,614</u>	<u>(329)</u>
Revenue from State Sources				
Capital Outlay State Aid	<u>28,785</u>			
Operating Transfers				
Transfer from General Fund	<u>211,639</u>			
Total Cash Receipts	<u>388,869</u>	<u>50,866</u>	<u>68,559</u>	<u>(17,693)</u>
Expenditures and Transfers				
Instruction				
Property (Equipment & Furnishings)	<u>1,496</u>	<u>11,366</u>	<u>100,000</u>	<u>88,634</u>
Support Services - Students				
Property (Equipment & Furnishings)			<u>10,000</u>	<u>10,000</u>
Support Services - Instructional Staff				
Property (Equipment & Furnishings)	<u>4</u>			
Support Services - Plant Operation and Maintenance				
Property (Equipment & Furnishings)	<u>1,068</u>	<u>5,980</u>	<u>160,000</u>	<u>154,020</u>
Student Transportation Services				
Equipment			<u>130,000</u>	<u>130,000</u>
Supervision Services				
Equipment		<u>33,336</u>		(33,336)
Facilities Acquisition and Construction Services				
Site Improvement Services			<u>200,000</u>	<u>200,000</u>
Architecture and Engineering Services	<u>14,285</u>			
Building Additions/Service Systems		<u>11,169</u>		(11,169)
Building Repair and Remodeling	<u>55,687</u>	<u>38,055</u>	<u>100,000</u>	<u>61,945</u>
Total Facilities Acquisition and Construction Services	<u>69,972</u>	<u>49,224</u>	<u>300,000</u>	<u>250,776</u>
Total Expenditures and Transfers	<u>72,540</u>	<u>99,906</u>	<u>700,000</u>	<u>600,094</u>
Receipts Over (Under)				
Expenditures and Transfers	316,329	(49,040)		
Unencumbered Cash, Beginning	<u>693,311</u>	<u>1,009,640</u>		
Unencumbered Cash, Ending	<u>1,009,640</u>	<u>960,600</u>		

See accompanying notes to financial statements

Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$ 2,702	2,045		2,045
Revenue from State Sources				
State Financial Aid	1,368	1,650	1,850	(200)
Operating Transfers				
Transfer from General Fund			2,618	(2,618)
Transfer from Supplemental General Fund	1,400	2,000		2,000
Total Operating Transfers	1,400	2,000	2,618	(618)
Total Cash Receipts	5,470	5,695	4,468	1,227
Expenditures and Transfers				
Instruction				
Certified Salaries	4,256	3,710	6,000	2,290
Non-Certified Salaries			500	500
Social Security Contributions	326	284	500	216
Other Employee Benefits	34	42	100	58
General Supplies and Materials			100	100
Miscellaneous Supplies	60			
Property (Equipment & Furnishings)			500	500
Other		50	100	50
Total Instruction	4,676	4,086	7,800	3,714
Vehicle Operation and Maintenance Services				
Motor Fuel	354	647	1,000	353
Other			500	500
Total Vehicle Operation and Maintenance Services	354	647	1,500	853
Total Expenditures and Transfers	5,030	4,733	9,300	4,567
Receipts Over (Under)				
Expenditures and Transfers	440	962		
Unencumbered Cash, Beginning	4,392	4,832		
Unencumbered Cash, Ending	4,832	5,794		

See accompanying notes to financial statements

Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Student Sales	\$ 101,372	106,295	117,475	(11,180)
Adults and Non-Reimbursable Programs	13,275	15,534	18,650	(3,116)
Other Revenue From Local Sources	21			
Miscellaneous	7,878	2,828	3,933	(1,105)
Total Revenue from Local Sources	<u>122,546</u>	<u>124,657</u>	<u>140,058</u>	<u>(15,401)</u>
Revenue from State Sources				
State Financial Aid	<u>4,394</u>	<u>4,364</u>	<u>4,501</u>	<u>(137)</u>
Revenue from Federal Sources				
Passed Through State of Kansas	<u>226,391</u>	<u>267,658</u>	<u>206,360</u>	<u>61,298</u>
Operating Transfers				
Transfer from Supplemental General Fund	<u>120,000</u>	<u>90,000</u>	<u>110,000</u>	<u>(20,000)</u>
Total Cash Receipts	<u>473,331</u>	<u>486,679</u>	<u>460,919</u>	<u>25,760</u>
Expenditures and Transfers				
Support Services - Plant Operation and Maintenance				
Non-Certified Salaries	2,000	2,000	3,000	1,000
Social Security Contributions	117	121	200	79
Other Employee Benefits	1	5		(5)
Water/Sewer Services (Non-Energy)	705	753	1,500	747
Heating	2,168	2,362	4,000	1,638
Electricity	10,073	9,861	12,000	2,139
Other			2,000	2,000
Total Support Services - Plant Operation and Maintenance	<u>15,064</u>	<u>15,102</u>	<u>22,700</u>	<u>7,598</u>
Food Service Operations				
Non-Certified Salaries	148,648	144,800	155,000	10,200
Social Security Contributions	10,067	9,110	12,000	2,890
Other Employee Benefits	1,624	7,480	2,500	(4,980)
Other Miscellaneous Purchased Services		25		(25)
Food and Milk	248,042	227,885	272,000	44,115
Miscellaneous Supplies	13,115	27,289	20,000	(7,289)
Property (Equipment & Furnishings)	8,564	13,661	45,000	31,339
Other	2,865	2,165	4,000	1,835
Total Food Service Operations	<u>432,925</u>	<u>432,415</u>	<u>510,500</u>	<u>78,085</u>
Budget Credit Adjustment			61,298	61,298
Total Expenditures and Transfers	<u>447,989</u>	<u>447,517</u>	<u>594,498</u>	<u>146,981</u>
Receipts Over (Under)				
Expenditures and Transfers	25,342	39,162		
Unencumbered Cash, Beginning	<u>46,939</u>	<u>72,281</u>		
Unencumbered Cash, Ending	<u>72,281</u>	<u>111,443</u>		

See accompanying notes to financial statements

Unified School District No. 461
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$	75		75
Revenue from State Sources				
State Financial Aid	2,955			
Operating Transfers				
Transfer from General Fund		8,001	15,111	(7,110)
Transfer from Supplemental General Fund	23,000			
Total Operating Transfers	23,000	8,001	15,111	(7,110)
Total Cash Receipts	25,955	8,076	15,111	(7,035)
Expenditures and Transfers				
Support Services - Instructional Staff				
Certified Salaries	3,125	1,238	3,000	1,762
Non-Certified Salaries	507		500	500
Social Security Contributions	239	95	225	130
Other Employee Benefits	3	5		(5)
Purchased Professional and Technical Services	580		550	550
Other Purchased Services	16,810	5,934	15,280	9,346
Miscellaneous Supplies	430	73	400	327
Other	74	49	45	(4)
Total Expenditures and Transfers	21,768	7,394	20,000	12,606
Receipts Over (Under)				
Expenditures and Transfers	4,187	682		
Unencumbered Cash, Beginning	702	4,889		
Unencumbered Cash, Ending	4,889	5,571		

See accompanying notes to financial statements

Unified School District No. 461
Parent Education Program Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
		Prior Year Actual	Current Year Actual	Budget
				Variance Favorable (Unfavor)
Cash Receipts				
Operating Transfers				
Transfer from Supplemental General Fund	\$	4,000	4,000	4,800
Total Cash Receipts		<u>4,000</u>	<u>4,000</u>	<u>4,800</u>
Expenditures and Transfers				
Support Services - Students				
LEA Payments to COOP (Local Share)		4,400	3,900	5,000
Total Expenditures and Transfers		<u>4,400</u>	<u>3,900</u>	<u>5,000</u>
Receipts Over (Under)				
Expenditures and Transfers	(400)	100	
Unencumbered Cash, Beginning		<u>600</u>	<u>200</u>	
Unencumbered Cash, Ending		<u>200</u>	<u>300</u>	

See accompanying notes to financial statements

Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Favorable (Unfavor)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 900,000	767,270	767,270	
Total Cash Receipts	<u>900,000</u>	<u>767,270</u>	<u>767,270</u>	
Expenditures and Transfers				
Instruction				
Certified Salaries	17,887	5,932	20,000	14,068
Social Security Contributions	1,442	454	1,000	546
Other Employee Benefits	18	24		(24)
LEA Payments to COOP (Local Share)	262,346	264,648	258,652	(5,996)
LEA Payments to COOP (Flowthrough)	555,432	479,582	554,560	74,978
Other Miscellaneous Purchased Services	1,008	154		(154)
General Supplies and Materials	130	13	500	487
Miscellaneous Supplies	2,494	2,539	3,500	961
Property (Equipment & Furnishings)		36	2,000	1,964
Other	764	911		(911)
Total Instruction	<u>841,521</u>	<u>754,293</u>	<u>840,212</u>	<u>85,919</u>
Vehicle Operation Services				
Non-Certified Salaries	4,622	6,180	5,100	(1,080)
Social Security Contributions	255	374	500	126
Other Employee Benefits	3	18		(18)
Insurance Services	982	820	2,000	1,180
Motor Fuel	1,170	1,642	5,000	3,358
Total Vehicle Operation Services	<u>7,032</u>	<u>9,034</u>	<u>12,600</u>	<u>3,566</u>
Total Expenditures and Transfers	<u>848,553</u>	<u>763,327</u>	<u>852,812</u>	<u>89,485</u>
Receipts Over (Under)				
Expenditures and Transfers	51,447	3,943		
Unencumbered Cash, Beginning	<u>34,091</u>	<u>85,538</u>		
Unencumbered Cash, Ending	<u>85,538</u>	<u>89,481</u>		

See accompanying notes to financial statements

Unified School District No. 461
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$ 836			
Revenue from Federal Sources				
Passed Through State of Kansas	4,039	4,928	3,798	1,130
Operating Transfers				
Transfer from General Fund		74,729	74,729	
Transfer from Supplemental General Fund	164,001	101,271	101,271	
Total Operating Transfers	164,001	176,000	176,000	
Total Cash Receipts	168,876	180,928	179,798	1,130
Expenditures and Transfers				
Instruction				
Certified Salaries	138,969	180,256	168,000	(12,256)
Social Security Contributions	9,475	12,354	12,000	(354)
Other Employee Benefits	118	653	500	(153)
Purchased Professional and Technical Services	218			
General Supplies and Materials		57	5,000	4,943
Textbooks		5,352	5,000	(352)
Property (Equipment & Furnishings)	3,969	9,286	15,000	5,714
Other	1,200	30	5,000	4,970
Total Instruction	153,949	207,988	210,500	2,512
Budget Credit Adjustment			1,130	1,130
Total Expenditures and Transfers	153,949	207,988	211,630	3,642
Receipts Over (Under)				
Expenditures and Transfers	14,927	(27,060)		
Unencumbered Cash, Beginning	16,611	31,538		
Unencumbered Cash, Ending	31,538	4,478		

See accompanying notes to financial statements

Unified School District No. 461
KPERs Special Retirement Contribution Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from State Sources				
Other State Aid	\$ 359,963	178,394	414,000	(235,606)
Total Cash Receipts	<u>359,963</u>	<u>178,394</u>	<u>414,000</u>	<u>(235,606)</u>
Expenditures and Transfers				
Instruction				
Employee Benefits	<u>237,857</u>	<u>228,467</u>	<u>273,570</u>	<u>45,103</u>
Support Services - Students				
Employee Benefits	<u>16,918</u>	<u>16,245</u>	<u>19,460</u>	<u>3,215</u>
Support Services - Instructional Staff				
Employee Benefits	<u>10,799</u>	<u>10,369</u>	<u>12,420</u>	<u>2,051</u>
Support Services - General Administration				
Employee Benefits	<u>13,679</u>	<u>13,134</u>	<u>15,750</u>	<u>2,616</u>
Support Services - School Administration				
Employee Benefits	<u>35,996</u>	<u>34,564</u>	<u>41,400</u>	<u>6,836</u>
Support Services - Plant Operation and Maintenance				
Employee Benefits	<u>22,678</u>	<u>21,775</u>	<u>26,000</u>	<u>4,225</u>
Student Transportation Services				
Employee Benefits	<u>3,600</u>	<u>3,456</u>	<u>4,200</u>	<u>744</u>
Support Services - Business				
Employee Benefits	<u>7,559</u>	<u>7,259</u>	<u>8,700</u>	<u>1,441</u>
Food Service Operations				
Employee Benefits	<u>10,877</u>	<u>10,369</u>	<u>12,500</u>	<u>2,131</u>
Total Expenditures and Transfers	<u>359,963</u>	<u>345,638</u>	<u>414,000</u>	<u>68,362</u>
Receipts Over (Under)				
Expenditures and Transfers		(167,244)		
Unencumbered Cash, Beginning				
Unencumbered Cash, Ending		<u>(167,244)</u>		

See accompanying notes to financial statements

Unified School District No. 461
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers		
Transfer from General Fund	\$	100,000
Total Cash Receipts		100,000
Expenditures and Transfers		
None		
Receipts Over (Under)		
Expenditures and Transfers		100,000
Unencumbered Cash, Beginning	170,390	170,390
Unencumbered Cash, Ending	170,390	270,390

See accompanying notes to financial statements

Unified School District No. 461
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 56,262	60,821	64,594	(3,773)
Delinquent Taxes	418	593	900	(307)
Motor Vehicle Tax			4,162	(4,162)
Revenue in Lieu of Taxes			70	(70)
Total Revenue from Local Sources	<u>56,680</u>	<u>61,414</u>	<u>69,726</u>	<u>(8,312)</u>
Revenue from County Sources				
Motor Vehicle Tax	1,048	3,751		3,751
Recreational Vehicle Tax	26	101	40	61
Revenue in Lieu of Taxes	41	434		434
Slider	274			
Total Revenue from County Sources	<u>1,389</u>	<u>4,286</u>	<u>40</u>	<u>4,246</u>
Total Cash Receipts	<u>58,069</u>	<u>65,700</u>	<u>69,766</u>	<u>(4,066)</u>
Expenditures and Transfers				
Community Services Operations				
Other	57,175	58,000	58,000	
Total Expenditures and Transfers	<u>57,175</u>	<u>58,000</u>	<u>58,000</u>	
Receipts Over (Under)				
Expenditures and Transfers	894	7,700		
Unencumbered Cash, Beginning		894		
Unencumbered Cash, Ending	<u>894</u>	<u>8,594</u>		

See accompanying notes to financial statements

Unified School District No. 461
Technology Literacy Challenge (Title II-D) Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 1,460	4,722
Total Cash Receipts	<u>1,460</u>	<u>4,722</u>
Expenditures and Transfers		
Instruction		
Purchased Professional and Technical Services	1,460	1,163
General Supplies and Materials		1,042
Property (Equipment & Furnishings)		2,517
Total Expenditures and Transfers	<u>1,460</u>	<u>4,722</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u> </u>	<u> </u>

See accompanying notes to financial statements

Unified School District No. 461
Special Mini-Grants Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Local Sources		
Other Revenue From Local Sources	\$ 333	322
Revenue from Federal Sources		
Passed Through State of Kansas	50	9,400
Total Cash Receipts	383	9,722
Expenditures and Transfers		
Instruction		
Social Security Contributions	67	
Other Employee Benefits	1	
General Supplies and Materials	1,448	322
Miscellaneous Supplies	1,082	9,299
Total Expenditures and Transfers	2,598	9,621
Receipts Over (Under)		
Expenditures and Transfers	(2,215)	101
Unencumbered Cash, Beginning	2,215	
Unencumbered Cash, Ending		101

See accompanying notes to financial statements

Unified School District No. 461
Low Income ESEA (Title I) Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 152,805	165,269
ARRA Grant		44,625
Total Cash Receipts	<u>152,805</u>	<u>209,894</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	70,072	107,560
Non-Certified Salaries	66,027	69,266
Social Security Contributions	8,601	11,806
Other Employee Benefits	105	587
Purchased Professional and Technical Services	8,000	20,510
General Supplies and Materials		165
Total Expenditures and Transfers	<u>152,805</u>	<u>209,894</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning		
Unencumbered Cash, Ending		

See accompanying notes to financial statements

Unified School District No. 461
Improving Teacher Quality (Title II-A) Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 47,092	46,769
Total Cash Receipts	<u>47,092</u>	<u>46,769</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	41,933	39,488
Social Security Contributions	2,724	2,513
Other Employee Benefits	35	133
Other Purchased Services	<u>2,400</u>	<u>4,635</u>
Total Expenditures and Transfers	<u>47,092</u>	<u>46,769</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u> </u>	<u> </u>

See accompanying notes to financial statements

Unified School District No. 461
Drug-Free Schools (Title IV-A) Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 2,929	2,849
Total Cash Receipts	<u>2,929</u>	<u>2,849</u>
Expenditures and Transfers		
Instruction		
Purchased Professional and Technical Services	250	500
General Supplies and Materials	<u>2,679</u>	<u>2,349</u>
Total Expenditures and Transfers	<u>2,929</u>	<u>2,849</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	_____	_____
Unencumbered Cash, Ending	=====	=====

See accompanying notes to financial statements

Unified School District No. 461
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 173,487	209,178	220,820	(11,642)
Delinquent Taxes	8,193	4,864	2,812	2,052
Total Revenue from Local Sources	<u>181,680</u>	<u>214,042</u>	<u>223,632</u>	<u>(9,590)</u>
Revenue from County Sources				
Motor Vehicle Tax	21,415	18,846	21,865	(3,019)
Recreational Vehicle Tax	637	465	369	96
Revenue in Lieu of Taxes	256	1,438	211	1,227
Slider	4,717			
Total Revenue from County Sources	<u>27,025</u>	<u>20,749</u>	<u>22,445</u>	<u>(1,696)</u>
Revenue from State Sources				
State Financial Aid	164,182	153,872	153,872	
Total Cash Receipts	<u>372,887</u>	<u>388,663</u>	<u>399,949</u>	<u>(11,286)</u>
Expenditures and Transfers				
Debt Service				
Interest (Coupons)	76,819	69,681	69,681	
Other Miscellaneous Expenditures			100	100
Redemption of Principal	305,000	315,000	315,000	
Total Expenditures and Transfers	<u>381,819</u>	<u>384,681</u>	<u>384,781</u>	<u>100</u>
Receipts Over (Under)				
Expenditures and Transfers	(8,932)	3,982		
Unencumbered Cash, Beginning	<u>226,165</u>	<u>217,233</u>		
Unencumbered Cash, Ending	<u>217,233</u>	<u>221,215</u>		

See accompanying notes to financial statements

Unified School District No. 461
Neodesha, Kansas
Agency Funds
Statement of Cash Receipts and Disbursements
For the Year Ended June 30, 2010

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds:				
High School:				
Adv. Placement	\$ 104		104	-
Art Honor Society	542	1,159	1,068	633
Band Club	1,218	9,464	9,773	909
Business Ed Club	671	754	523	902
Cheer Squad	178	1,647	1,546	279
Chorus Club	866	2,663	1,831	1,698
Chorus Scholarship Fund	490	467	328	629
Cheerleaders Jr Hi	3,327	3,925	3,992	3,260
Class of 2008	797			797
Class of 2009	304			304
Class of 2010	4,726	11,140	15,751	115
Class of 2011	3,283	8,029	7,338	3,974
Class of 2012	860	4,423	997	4,286
Class of 2013	367	89		456
Class of 2014	207			207
Class of 2015		242		242
Dance Team	148	1,421	418	1,151
Drama Club	1,546	4,364	4,742	1,168
F.C.A.	178	3,364	2,720	822
F.F.A.	2,391	50,227	51,600	1,018
FFA Scholarship Fund	2,864			2,864
FBLA	21	1,213	1,037	197
FCCLA., Jr.	1,569	6,784	6,346	2,007
FCCLA., Sr.	984	10,039	9,987	1,036
Flag Corp	1,046	581	861	766
Fund-It Program	602	116		718
Landscape Club	45		45	-
Library Club	584	570	702	452
Mass Media	154	122	14	262
National Honor Society	347	784	970	161
Shop Club	1,662	2,382	2,523	1,521
Stuco, Jr.	3,505	125	1,581	2,049
Stuco, Sr.	866	8,453	8,560	759
Student Fund Org.	597	4,072	2,977	1,692
Target	71		71	-
Weight Room	269			269
Total Student Organizations	<u>37,389</u>	<u>138,619</u>	<u>138,405</u>	<u>37,603</u>
Other Agency Funds:				
Sales Tax	140	6,730	6,474	396
Total Other Agency Funds	<u>140</u>	<u>6,730</u>	<u>6,474</u>	<u>396</u>
Total Agency Funds	<u><u>37,529</u></u>	<u><u>145,349</u></u>	<u><u>144,879</u></u>	<u><u>37,999</u></u>

See accompanying notes to financial statements.

Neodesha, Kansas

District Activity Funds

Statement of Receipts, Expenditures and Unencumbered Cash

For the Year Ended June 30, 2010

	Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
High School:							
Athletics		541	26,676	25,024	2,193		2,193
Subtotal Gate Receipts		541	26,676	25,024	2,193	-	2,193
<u>Special Projects:</u>							
High School:							
Annual		6,697	5,577	7,283	4,991		4,991
Incentive Fund		6		6	-		-
Scholar Bowl		6		6	-		-
Bluestreak Greenhouse		19,810	12,505	16,876	15,439		15,439
Total High School		26,519	18,082	24,171	20,430	-	20,430
North Lawn Elementary:							
G & W Fund		752	948	500	1,200		1,200
Pencil		40			40		40
6th / Prom		605	1,260	1,195	670		670
Worlds Fair			885	882	3		3
Field		221	229	180	270		270
Market		6	500	481	25		25
Other		39	1,131	985	185		185
Planner		55			55		55
Picture		62	25	78	9		9
Pop		568	210		778		778
SFA/FS		171	35		206		206
Box Tops		342	298		640		640
Total North Lawn		2,861	5,521	4,301	4,081	-	4,081
Heller Elementary:							
Amazon		181		181	-		-
ASD		868		868	-		-
Box Tops		35	596	298	333		333
G & W Fund		956	779	16	1,719		1,719
Harcourt		13		13	-		-
Heller Hut		14	500	496	18		18
Other		58	6,128	3,776	2,410		2,410
MD		(59)	59		-		-
Weekly Reader		155	1,263	885	533		533
Total Heller Elementary		2,221	9,325	6,533	5,013	-	5,013
Subtotal Special Projects		31,601	32,928	35,005	29,524	-	29,524
Total District Activity Funds		32,142	59,604	60,029	31,717	-	31,717

See accompanying notes to financial statements.

Unified School District No. 461
Neodesha, Kansas
Statement of Changes in Long Term Debt
For the Year Ended June 30, 2010

Statement 6

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance end of Year</u>	<u>Interest Paid</u>
<u>OUTSTANDING OBLIGATIONS:</u>										
<u>General Obligation Bonds:</u>										
Series 2004 - Refunding	1.0/3.625	3/8/2004	2,840,000	9/1/2015	2,375,000		315,000		2,060,000	69,681
<u>Capital Leases:</u>										
HVAC Controls	3.69%	6/30/2008	1,300,000	6/30/2018	1,190,141		113,912		1,076,229	43,916
<u>Early Retirement Plan:</u>										
Contract Liability					-			-	-	
<u>POTENTIAL OBLIGATIONS:</u>										
<u>Early Retirement Plan:</u>										
Maximum Potential Liability					-			-	-	
Total Long-Term Debt					<u>3,565,141</u>	<u>-</u>	<u>428,912</u>	<u>-</u>	<u>3,136,229</u>	<u>113,597</u>

Unified School District No. 461
Neodesha, Kansas
Statement of Maturity of Long Term Debt
For the Year Ended June 30, 2010

Statement 6

<u>Issue</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016-20</u>	<u>Totals</u>
<u>Principal:</u>							
<u>General Obligation Bonds:</u>							
Series 2004 - Refunding	320,000	330,000	335,000	350,000	355,000	370,000	2,060,000
<u>Capital Leases</u>							
HVAC Controls	118,116	122,377	126,990	131,676	136,535	440,535	1,076,229
Total Principal	<u>438,116</u>	<u>452,377</u>	<u>461,990</u>	<u>481,676</u>	<u>491,535</u>	<u>810,535</u>	<u>3,136,229</u>
<u>Interest:</u>							
<u>General Obligation Bonds:</u>							
Series 2004 - Refunding	61,582	52,557	42,580	31,613	19,625	6,706	214,663
<u>Capital Leases</u>							
HVAC Controls	39,713	35,451	30,839	26,153	21,294	32,950	186,400
Total Interest	<u>101,295</u>	<u>88,008</u>	<u>73,419</u>	<u>57,766</u>	<u>40,919</u>	<u>39,656</u>	<u>401,063</u>
Total Principal and Interest	<u><u>539,411</u></u>	<u><u>540,385</u></u>	<u><u>535,409</u></u>	<u><u>539,442</u></u>	<u><u>532,454</u></u>	<u><u>850,191</u></u>	<u><u>3,537,292</u></u>

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

Principles Used in Determining Scope of Entity

Neodesha Unified School District No. 461 is a municipal corporation governed by an elected seven-member board. These financial statements present the school district as a primary government only. The school district has waived the application of accounting principles generally accepted in the United States of America and as such, has not included any component units in these financial statements.

B. Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the school district for the year of 2010:

Governmental Funds:

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for and the payment of, interest and principal on general long-term debt and the financing of special assessments which are general obligations of the school district.

Capital Project Funds--to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds and (d) Agency Funds.

C. Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract.

The District has obtained a waiver of generally accepted accounting principles from the State of Kansas which thereby requires this type of special reporting.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings and equipment owned by the School District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

D. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was amended by the following amounts during the year ended June 30, 2010:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
At-Risk (K-12) Fund	523,000	638,000
Vocational Education Fund	179,500	210,500

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds of the District:

ESEA Low Income Title I Fund	Improving Teacher Quality Grant Fund
Special Mini-Grants Fund	Gate Receipts Fund
Drug Free Schools Grant Fund	Special Projects Fund
Technology Literacy Grant Fund	

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the District's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the special revenue funds designated by Kansas statutes.

Property Taxes and Other Receivables

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Investments

Statutes authorize the School District to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Treasurer's investment pool. All investments must be insured, registered, or held by the School District or its agent in the District's name. The School District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the special revenue funds designated by Kansas statutes.

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by State statutes. No physical inventories were taken at year end and no accounting controls exist for control of materials inventory.

Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

F. Revenues and Expenditures

Property Tax Revenue Recognition

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the county.

Taxes levied to finance the budget are made available to the school after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Vacation and Sick Pay

The School District's policies regarding sick leave permit employees to earn ten days sick leave per year with no maximum accumulation. Employees may use up to a maximum of sixty days sick leave in one year. No compensation is paid for unused sick leave upon employment termination.

Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 2 Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

The State of Kansas pays the employers share of Kansas Public Employee Retirement System (KPERS) for each unified school district throughout the state. The Kansas legislature, by statute, created a KPERS fund in each school district's accounting system. The State of Kansas automatically deposits then withdraws the KPERS amount attributable to each school district through each school district's KPERS fund once per quarter. School district personnel have no control concerning these deposit and withdrawal transactions. As of June 30, 2010, the State of Kansas had not deposited nor withdrawn the KPERS amount attributable to Neodesha Unified School District No. 461 in the amount of \$167,244. Since the liability was due and payable and the funds had not been received as of June 30, 2010, a cash basis violation resulted and is displayed as such in statement 1 in the amount of \$ (167,244). The State of Kansas subsequently deposited these funds in their entirety on July 7th and 8th.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations.

Note 3 Detail Notes on All Funds and Account Groups

A. Assets:

Deposits and Investments

As of June 30, 2010, the school district held no investments.

K.S.A. 9-1401 establishes the depositories that may be used by the school district. The statute requires banks eligible to hold the school district's funds to have a main or branch bank in the school district and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The school district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 allows the school district to invest idle funds in time deposit-open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The school district has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the school district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the school district's deposits may not be returned to it. State statutes require the school district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%.

At June 30, 2010, the carrying amount of the school district's deposits was \$1,070,682 and the bank balance was \$1,914,709. Of the bank balance, \$269,156 was secured by federal depository insurance and the remaining \$1,645,553 was collateralized by securities held by the pledging financial institutions' agents in the school district's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the school district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured and the school district's investment policy requires 100% collateralization at all times.

General Fixed Assets

The School has not maintained a record of fixed assets used in performance of general governmental operations as required by generally accepted accounting principles.

The School has waived of compliance until June 30, 2010, in accordance with K.S.A. 75-1120(a).

B. Liabilities:

Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 75-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contributed 8.57% of covered payroll for fiscal year 2010. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for the school's employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363 and \$220,815,154 respectively equal to the statutory required contributions for each year.

General Obligation Bonds

Kansas schools are limited to aggregate debt not to exceed 14% of assessed valuation of tangible taxable property within the district. The School District's assessed valuation at June 30, 2010 not including motor vehicle valuation was \$28,333,528. The resulting debt limit was \$3,966,694. The outstanding bonded indebtedness for debt limitation comparison purposes as of June 30, 2010 was \$1,985,000.

One General Obligation Bond issue (Series 2004) was outstanding as of June 30, 2010 and will mature through the year 2015. The series 2004 bonds were issued in the amount of \$2,840,000 with interest rates varying from 1.00% to 3.65%. The proceeds of these bonds were used to finance the partial advance refunding of the series 2000 bonds. Details of the issues are display in statement 6.

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Prior-year defeasance of debt

In prior years, the District refunded general obligation bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2010, the defeased bonds outstanding are in the amount of \$ 1,985,000.

C. Operating Transfers:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 767,270
General Fund	At-Risk (K-12) Fund	K.S.A. 72-6428	278,500
General Fund	Professional Development Fund	K.S.A. 72-6428	8,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	74,729
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	100,000
Supp. General	At-Risk (4 Year Old) Fund	K.S.A. 72-6433	35,000
Supp. General	At-Risk (K-12) Fund	K.S.A. 72-6433	335,517
Supp. General	Driver Training Fund	K.S.A. 72-6433	2,000
Supp. General	Food Service Fund	K.S.A. 72-6433	90,000
Supp. General	Parent Education Fund	K.S.A. 72-6433	4,000
Supp. General	Vocational Education Fund	K.S.A. 72-6433	101,271

Note 4 Reconciliation of Statement 1 and 2

Total Expenditures per Statement 2	\$ 9,889,411
Plus Non Budgeted Funds:	
Title I	209,894
Gate Receipts	25,024
Special Projects	35,009
Improving Teacher Quality	46,769
Special Mini Grants	9,621
Technology Literacy Grant	4,722
Drug Free Schools Grant	2,849
Total Expenditures per Statement 1	<u>10,223,299</u>

Note 5 Joint Ventures

The School District is a participant in a joint venture agreement with six other school districts for the operation of the Tri-County Special Education Cooperative. The Coop was formed under an inter-local agreement provided for by the Kansas Statutes. Each school district appoints one of its board members to serve as a member of the Coop governing board. Each school district's annual contribution to the coop is based one fourth each upon: (1) special education students FTE, (2) special education staff FTE, (3) total enrollment FTE, and (4) general fund budget. Each of the preceding four items are weighted by school district as a percentage of the total of that item for all participating school districts. The school district has an unrecorded value equity interest in the Coop which is based upon percentage of contribution. Complete separate financial statements for the Coop are available at the Tri-County Special Education Cooperative administrative office at Independence, Kansas. The annual operations contribution to the Coop for the 2010 fiscal year by Unified School District No. 461 was in the amount of \$258,415 which represents 9% of all contributions made by the seven participating school districts.

Unified School District No. 461
Neodesha, Kansas
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 6 Economic Dependency

The school district is economically dependent on state and federal financial assistance. The revenue from the state and federal governments in relation to total revenues are displayed below for the general fund, supplemental general fund, bond and interest fund and all other funds.

	Total <u>Revenue</u>	State <u>Aid</u>	<u>%</u>	Federal <u>Aid</u>	<u>%</u>
General Fund	5,236,853	4,408,590	84.2	255,701	4.9
Supplemental General	1,636,142	666,323	40.7	226,390	13.8
Bond and Interest	388,663	153,872	39.6		
Other Funds	<u>2,998,227</u>	<u>351,652</u>	<u>11.7</u>	<u>533,191</u>	<u>17.8</u>
Total All Funds	<u>10,259,885</u>	<u>5,580,437</u>	<u>54.4</u>	<u>430,678</u>	<u>9.9</u>

Note 7 Summary Disclosure of Significant Contingencies

Federally Assisted Programs - Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Note 8 Compliance with K.S.A 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the School District to record any payment of General State Aid that is due to be paid during the month of June, but is not paid to the School District until after June 30, as a receipt for the fiscal year ending on June 30. The amounts of these payments were \$608,308 for the General Fund and \$174,793 for the Supplemental General Fund. The total of these amounts, \$783,101, is displayed in the "Composition of Cash" on Statement 1 as "Due from State of Kansas".

Unified School District No. 461
Neodesha, Kansas
Schedule of Insurance Policies in Force
February 7, 2011

<u>Name</u>	<u>Policy Number</u>	<u>Expires</u>	<u>Coverage</u>
<u>Employer Mutual Casualty Company</u>			
Buildings			\$ 20,769,976
Peronsl Property			4,161,782
Property in Open-Building (\$500 Ded)	OA6-44-62-11	6/19/2011	1,223,718
Comercial General Liability			
General Aggregate Limit (Other than PCO)			1,000,000
Products-Completed Operation Aggregate Limit			1,000,000
Personal and Advertising Injury Limit			500,000
Each Occurrence Limit			500,000
Fire Damage Limit (any one fire)			100,000
Medical Expense Limit (any one person)	OD6-44-62-11	6/19/2011	5,000
Linebacker Liability Policy			
Each Loss			1,000,000
Aggregate for Policy Term			1,000,000
Insured's Deductible per Loss	OK6-44-62-11	6/19/2011	1,000
Worker's Compensation and Employer's Liability Policy			
Bodily Injury-by Accident-Each Accident			500,000
-by Disease - Each Employee			500,000
Policy Limit	OH6-44-62-11	6/19/2011	500,000
Commercial Inland Marine			
Hardware			210,000
Software			7,500
Bus Radios	OM6-44-62-11	6/19/2011	10,670
<u>State Farm Mutual Automobile Insurance Co.</u>			
Fleet Coverage - buses, vans, and pickup			
Bodily Injury:			
Each Person			1,000,000
Each Accident			1,000,000
Property Damage			100,000
Medical Payments			2,000
Uninsured Motorists:			
Bodily Injury			500,000
Property Damage			500,000
Collision			A.C.V.
Comprehensive	F00-0123-B27-16H	8/27/2011	A.C.V.
<u>AIG Accident & Health</u>			
Group Student Accident Coverage			
Maximum Medical Benefit	SRG9710410	8/1/2010	1,000,000

Unified School District No. 461
Neodesha, Kansas
Fidelity Bonds of Officers and Employees
June 30, 2010

<u>Name</u>	<u>Bond Number</u>	<u>Expires</u>	<u>Amount</u>
<u>Ohio Casualty Group</u>			
<u>Public Employee Dishonest Coverage</u>			\$ 10,000
Dana Newland			50,000
June Passuer			50,000
Paula Kingrey			50,000
Terrance Wilson			50,000
Randy Paxson			50,000
Greg Mitchell			25,000
Melissa Johnson			25,000
Rhonda Forsythe			25,000
Paul Martin			50,000
Daryl Pruter			25,000
Becky Cox, Treasurer	3904210	10/6/2010	50,000

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Board of Education
Neodesha Unified School District No. 461
Neodesha, Kansas

We have audited the financial statements of Neodesha Unified School District No. 461 as of and for the year ended June 30, 2010, and have issued our report thereon dated February 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Neodesha Unified School District No. 461's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neodesha Unified School District No. 461's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Neodesha Unified School District No. 461's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Neodesha Unified School District No. 461's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body and management of Neodesha Unified School District No. 461, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlotterbeck and Burns, L.L.C.

February 10, 2011

**Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133**

Board of Education
Neodesha Unified School District No. 461
Neodesha, Kansas

Compliance

We have audited Neodesha Unified School District No. 461's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Neodesha Unified School District No. 461's major federal programs for the year ended June 30, 2010. Neodesha Unified School District No. 461's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Neodesha Unified School District No. 461's management. Our responsibility is to express an opinion on Neodesha Unified School District No. 461's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neodesha Unified School District No. 461's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Neodesha Unified School District No. 461's compliance with those requirements.

In our opinion, Neodesha Unified School District No. 461 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Neodesha Unified School District No. 461 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Neodesha Unified School District No. 461's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Neodesha Unified School District No. 461's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not

identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the governing body and management of Neodesha Unified School District No. 461, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

Schlotterbeck and Burns, L.L.C.

February 10, 2011

Unified School District No. 461
Neodesha, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the statutory basis financial statement of Unified School District No. 461 .
2. No reportable conditions were disclosed during the audit of the financial statements
3. No instances of noncompliance material to the financial statements of Unified School District No. 461 were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 461 expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for Unified School District No. 461 are reported.
7. The programs tested as major programs included:

84.010	ESEA Title I (Low Income) Aid
84.394	State Fiscal Stabilization Fund
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Unified School District No. 461 was determined to be a high-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

(None Reported)

C. FEDERAL AWARD FINDINGS and QUESTIONED COSTS

(None Reported)

Unified School District No. 461
Neodesha, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture		
Passed through Kansas State Department of Education		
School Breakfast Program	10.553	60,711
National School Lunch Program	10.555	181,547
Summer Food Service Program	10.559	15,724
Team Nutrition Training Grant	10.574	500
National School Lunch Program Equipment	10.579	9,675
Total U.S. Department of Agriculture		<u>268,157</u>
U.S. Department of Education		
Passed through Kansas State Department of Education		
ESEA Title I (Low Income) Aid	84.010	165,269 (1)
Drug Free Schools Mini-Grant	84.186	2,849
Technology Literacy (Title II-D)	84.318	1,365
Improving Teacher Quality (Title II-A)	84.367	46,769
Data Use Grant	84.372	800
Technology Literacy (Title II-D) - ARRA	84.386	3,357
Title I Grants to Local Educational Agencies (LEAs), Recovery A	84.389	44,625
State Fiscal Stabilization Fund	84.394	482,091 (1)
Total U.S. Department of Education		<u>747,125</u>
 Total Expenditures of Federal Awards		 <u><u>1,015,282</u></u>

(1) These programs were considered a major programs.

(2) The School District follows the statutory basis of accounting in preparing this schedule.

This method is consistent with the method used in the preparation of the School District's financial statements.